

CLEVELAND PUBLIC LIBRARY
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CORPORATION FILE

City Stores Company

Annual Report 1972

Franklin Simon



Highlights

	53 Weeks Ended February 3, 1973	52 Weeks Ended January 29, 1972*
Continuing Operations:		
Sales	\$367,408,000	\$346,911,000
Income before federal income taxes	5,105,000	2,216,000
Federal income taxes	2,240,000	800,000
Income of continuing operations	2,865,000	1,416,000
(Loss) of discontinued operations, net of tax credit	(1,715,000)	(1,048,000)
Income before extraordinary items	1,150,000	368,000
Extraordinary items, credit or (charge), net of taxes	(1,812,000)	394,000
Net income or (loss)	(662,000)	762,000
Per share of common stock:		
Income of continuing operations	.88	.43
(Loss) of discontinued operations	(.53)	(.32)
Income before extraordinary items	.35	.11
Extraordinary items, credit or (charge)	(.55)	.12
Net income or (loss)	(.20)	.23
FINANCIAL		
Working funds**		
City Stores Company and Retail Subsidiaries	65,769,000	66,034,000
Working funds ratio	2.4	2.8
City Stores Company and Consolidated Subsidiaries	64,947,000	65,456,000
Working funds ratio	2.4	2.7
Accounts receivable—customers	79,139,000	76,309,000
Proceeds from financing of receivables	(50,594,000)	(42,020,000)
Inventories	59,128,000	51,063,000
Property and equipment—net		
City Stores Company and Retail Subsidiaries	53,589,000	51,381,000
City Stores Company and Consolidated Subsidiaries	67,599,000	71,512,000
Long term debt		
City Stores Company and Retail Subsidiaries	31,543,000	28,914,000
City Stores Company and Consolidated Subsidiaries	42,718,000	42,121,000
Ownership		
Common stock equity	82,538,000	83,215,000
Common stock equity per share	25.29	25.50
Number of shares outstanding		
Common stock—at end of year	3,263,469	3,263,469

*Restated.

**Working funds consist of current assets less current liabilities exclusive of deferred tax credits, principally applicable to installment sales.

Opposite page shows an "open-air" fashion show outside Franklin Simon's 34th Street, New York City store, held in conjunction with New York City's "Fashion Capitol of the World Festival".

To our Stockholders:

As you may have already noted, the Company has previously announced its intention to terminate the operation and to liquidate and dispose of its Lansburgh's division serving the metropolitan area of Washington, D.C. While the reasons for this decision will be discussed in more detail later in this report, the fact of the decision is mentioned first since it has a substantial impact on the financial figures to be reported. The operating results of the Lansburgh's division have been reported separately from those of the continuing divisions and the provision for anticipated losses and costs resulting from the discontinuance of the Lansburgh's operation have been treated as an extraordinary item in the statement of income for the year ended February 3, 1973.

Financial Operations

Income from continuing operations before taxes and extraordinary charges rose from \$2,216,000 for the year ended January 29, 1972 to \$5,105,000 for the year ended February 3, 1973. The loss from the Lansburgh's operation increased from \$2,008,000 to \$3,500,000 for the same periods. After taxes and before extraordinary items, total income rose to \$1,150,000 from \$368,000. In fiscal 1971, a credit, net of taxes, of \$394,000 from an extraordinary item brought total net income to \$762,000. In 1972, due principally to the charge of \$2,005,000, net of taxes, reflecting the reserves for estimated net losses and costs to cover the final liquidation of the Lansburgh's division assets, the year ended with a net loss of \$662,000. Per share earnings were \$0.23 in 1971, while the loss in 1972 amounts to \$0.20 a share.

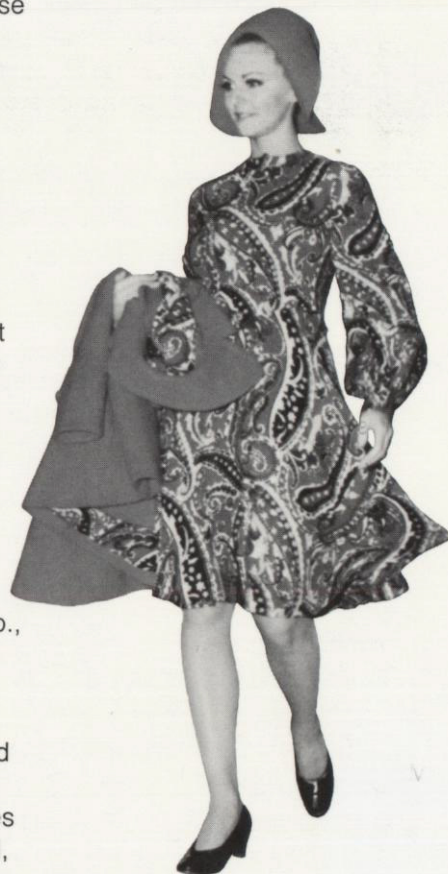
Total sales in 1972, including Lansburgh's, were \$396,000,000, an increase of 6.2% over sales of \$373,000,000 in the prior year. Sales from continuing operations were \$347,000,000 in 1971 and \$367,000,000 in 1972, an increase of 5.8%.

The substantially improved results in continuing operations reflect a stronger sales pattern in most divisions, coupled with improving gross margins and effective control of expenses. The Company is now so structured that a relatively small increase in sales volume in comparable units can quickly be reflected in a substantial improvement in operating margins.

Closing of Lansburgh's

As noted above, the Lansburgh's division lost \$3,500,000 in 1972. The last time the division produced a profit was in 1967 and cumulative losses since then exceed \$11,000,000. Despite a new management team and three new stores in the past four years, the division's market position continued to erode and the prospects of returning the division to a profitable level of operation appeared too remote to justify continuation.

The Company has entered into contracts to sell to Arlen Realty & Development Corp., owner of the E. J. Korvette chain, the fixtures and leasehold improvements of the Lansburgh's stores in Langley Park, Maryland and Tyson's Corner, Virginia and to assign the leases of these stores and to also sell to Arlen the real estate and fixtures of its Lansburgh's store in Springfield Mall, Virginia. Because of a prior order affecting the Korvette chain, the proposed transactions are subject to approval by the Federal Trade Commission and an application for such approval has accordingly been filed by Arlen with the Commission. At this writing, the Commission has not as yet acted on the application.



If the Commission approves the transactions, the sales of these assets plus the liquidation of the inventories and customers' accounts receivable of the Lansburgh's division will generate more than \$13,000,000 in cash, which will be made available for general purposes. In addition, Lansburgh's Shirlington and Rockville stores will be occupied by other operations of the Company and the Company expects to sell the various downtown Washington, D.C. store properties and to realize therefrom substantial additional funds. If the Arlen transactions cannot be completed, the Company will nevertheless attempt further efforts to dispose of the Lansburgh's properties on the best terms available to it. This may result in less cash flow and may require an additional provision for losses.

The Lansburgh's closing will result in the elimination of the last major drain on the Company's profits and will substantially buttress the Company's already strong financial position. With the continuing availability of its bank lines totaling \$78,000,000 and its increased liquidity, the Company is in a position to aggressively take advantage of growth opportunities available to it, either in existing divisions or in new areas.

Stores

On a more positive basis, the Company opened, in New Orleans, in October 1972 the first of a projected group of furniture warehouse stores. The new division has been given the name of "Compass" and is headed by Louis A. Rippner, an experienced furniture retailer. A 40,000 square foot showroom with 275 individual room settings is serviced by an adjacent 80,000 square foot warehouse permitting immediate delivery to the customer of her selection. Other Compass stores are planned in the near future.

B. Lowenstein's opened a 60,000 square foot fashion store in the Raleigh Mall, north of Memphis, in March 1972, while Lit's renovated and substantially expanded its Lawrence Park store. The new space was opened in October 1972. Lit's closed its Camden, New Jersey store in April 1972.

Franklin Simon opened new full-line stores in Livingston Mall, New Jersey; Raleigh Mall, Memphis and Security Square, Baltimore and opened "Young Individualist" shops in the Cherry Hill and Echelon Shopping Centers, New Jersey; in Harundale Mall, Maryland and Exton Square Shopping Center, Pennsylvania. Franklin Simon closed full-line stores in Harundale Mall, Maryland and Morristown, New Jersey.

Franklin Simon will open full-line stores in the balance of 1973 in Cumberland Mall, Atlanta, in Oxford Hill, Langhorne, Pennsylvania and in Sunrise Mall, Massapequa, New York.



W. & J. Sloane opened a Furniture Clearance Center on 84th Street in New York City, another in Houston, Texas and a third in Atlanta, Georgia. Another Furniture Clearance Center is almost ready to be opened in Georgetown Square, Montgomery County, Maryland.

Maison Blanche has completed its new warehouse in New Orleans for handling big ticket and bulk merchandise and will be moving into it as this report goes to press.

On the drawing boards are two new 160,000 square foot department stores for Maison Blanche, one on the East Side of New Orleans and the other in Baton Rouge, Louisiana and a 120,000 square foot store for Loveman's on the east side of Birmingham. All three stores will be in regional closed mall shopping centers. These stores will be opened in late 1974 and in 1975. No new department stores are to be added in 1973.

Capital expenditures amounted to \$12,600,000 in 1972 compared to \$10,770,000 in 1971. They are estimated at \$5,000,000 in 1973. The major part of the Company's expansion and renovation program is now completed and future expenditures are expected to be comparable to those projected for 1973.

Personnel

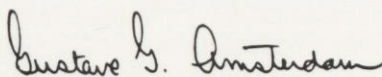
At the end of the fiscal year, J. P. Hansen, Chairman and former President of Lit Brothers, retired, as did Harold A. Broomfield, President of R. H. White's. We are deeply appreciative of both Mr. Hansen's and Mr. Broomfield's many years of loyal and successful service. Mr. Broomfield was succeeded by Lawrence Moore, formerly

Vice President and General Merchandise Manager of Lit Brothers. As previously noted, Louis A. Rippner joined the Company as President of the new Compass division and Morris Goldstein was named President and Chief Executive Officer of the Company's Lit Brothers Division.

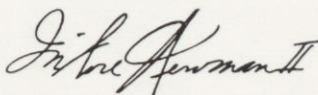
We also note the retirement from the Board of Directors of Messrs. Hansen, Serge Semenenko, Max Robb and Thomas C. Pillion. They have served the Company with distinction through many difficult periods. We welcome to the Board as new members, William F. Thompson, Senior Vice President of the First National Bank of Boston; William C. Warren, Dean Emeritus and Kent Professor of Law at the Columbia University School of Law and George H. Johnson, Jr., President of Albert M. Greenfield & Co. Robert I. Sonfield, President of the Maison Blanche division, is a nominee for election to the Board of Directors of the Company at the Annual Meeting of Stockholders to be held in May 1973.

We again want to thank our employees, customers and suppliers for their continued support and encouragement. We believe that the steps taken in 1972 assure the future profitability of the Company and should make possible the consideration of the resumption of dividends. We look forward to reporting next year continuing improvement.

Respectfully submitted,



Gustave G. Amsterdam, *Chairman*



Isidore Newman, II, *President*

Statement of Income

	53 Weeks Ended February 3, 1973	52 Weeks Ended January 29, 1972*
Continuing operations		
Sales (including leased departments)	\$367,407,994	\$346,911,334
Deduct		
Cost of goods sold and operating expenses less carrying charges	352,413,198	334,956,118
Depreciation and amortization	5,384,885	5,398,440
Interest and debt expense	4,504,710	4,340,334
	<u>362,302,793</u>	<u>344,694,892</u>
	5,105,201	2,216,442
Federal income taxes—Note B		
Current	1,814,000	650,000
Deferred	426,000	150,000
	<u>2,240,000</u>	<u>800,000</u>
Income of continuing operations	<u>2,865,201</u>	<u>1,416,442</u>
Discontinued operations—Note C		
(Loss) before federal income tax credit	(3,500,271)	(2,007,938)
Federal income tax (credit)—Note B		
Current	(1,760,000)	(1,160,000)
Deferred	(25,000)	200,000
	<u>(1,785,000)</u>	<u>(960,000)</u>
(Loss) of discontinued operations	<u>(1,715,271)</u>	<u>(1,047,938)</u>
Income before extraordinary items	1,149,930	368,504
Extraordinary items, credit or (charge)—Notes C and D	(1,811,778)	393,976
Net income or (loss)	<u>(\$ 661,848)</u>	<u>\$ 762,480</u>
Per share of common stock**		
Income of continuing operations	\$.88	\$.43
(Loss) of discontinued operations	(.53)	(.32)
Income before extraordinary items	.35	.11
Extraordinary items, credit or (charge)	(.55)	.12
Net income or (loss)	<u>(\$.20)</u>	<u>\$.23</u>

*Restated—See Note G.

**Based upon weighted average number of shares outstanding.

Statement of Income Reinvested in Business

Balance at beginning of year, as restated—Note G	\$ 44,995,688	\$ 44,233,208
Net income or (loss)	(661,848)	762,480
Balance at end of year—Note I	<u>\$ 44,333,840</u>	<u>\$ 44,995,688</u>

See notes to financial statements.

Statement of Financial Condition

	February 3, 1973	January 29, 1972*
Assets		
CURRENT ASSETS		
Cash	\$ 9,987,071	\$ 9,102,082
Accounts receivable—Note E	32,106,013	39,015,710
Merchandise inventories—Note F	59,128,053	51,063,147
Supplies and prepaid expenses	3,680,780	3,651,778
Property and equipment contracted for sale—Note C	7,494,321	—
TOTAL CURRENT ASSETS	<u>112,396,238</u>	<u>102,832,717</u>
INVESTMENTS AND OTHER ASSETS		
Investments and advances—Note A		
City Stores Credit Corporation	7,279,890	6,894,938
Real estate subsidiaries	3,970,067	6,175,199
Sundry investments and other items—Notes C and G	3,282,604	2,639,595
	<u>14,532,561</u>	<u>15,709,732</u>
PROPERTY AND EQUIPMENT—AT COST—Note H	95,396,363	90,389,457
Less accumulated depreciation and amortization	41,807,667	39,008,031
	<u>53,588,696</u>	<u>51,381,426</u>
	<u>\$180,517,495</u>	<u>\$169,923,875</u>
Liabilities		
CURRENT LIABILITIES		
Accounts payable, accrued and sundry liabilities	\$ 45,032,366	\$ 35,505,244
Current portion of long term debt	1,483,263	1,264,265
Federal income taxes—current—Note B	111,576	29,459
Deferred tax credits, principally applicable to installment sales—Notes A and B	10,360,254	11,867,241
TOTAL CURRENT LIABILITIES	<u>56,987,459</u>	<u>48,666,209</u>
LONG TERM DEBT—Note I	31,542,785	28,913,763
RESERVES—Note J	7,173,837	6,818,193
DEFERRED TAX CREDITS—Notes A and B	1,888,646	1,898,183
DEFERRED CREDIT	386,791	412,702
OWNERSHIP—Notes I and K		
Preferred Stock—\$100 par value—Authorized 29,036 shares—none issued		
Common Stock—\$5 par value—Authorized		
6,000,000 shares; outstanding 3,263,469 shares for both years		
(after deducting 12,423 shares in treasury)	16,317,345	16,317,345
Other capital	21,886,792	21,901,792
Income reinvested in business	44,333,840	44,995,688
	<u>82,537,977</u>	<u>83,214,825</u>
Commitments, other comments and litigation—Notes E, L and M		
	<u>\$180,517,495</u>	<u>\$169,923,875</u>

*Restated—See Note G.

See notes to financial statements.

Statement of Financial Condition

	February 3, 1973	January 29, 1972*
Assets		
CURRENT ASSETS		
Cash	\$ 10,467,515	\$ 9,580,272
Accounts receivable—Note E	32,116,858	39,036,053
Merchandise inventories—Note F	59,128,053	51,063,147
Supplies and prepaid expenses	3,709,116	3,695,771
Property and equipment contracted for sale—Note C	7,494,321	—
TOTAL CURRENT ASSETS	112,915,863	103,375,243
INVESTMENTS AND OTHER ASSETS		
Investments and advances—City Stores Credit Corporation—Note A	7,279,890	6,894,938
Sundry investments and other items—Notes C and G	5,383,817	2,740,416
	12,663,707	9,635,354
PROPERTY AND EQUIPMENT—AT COST—Note H		
Less accumulated depreciation and amortization	114,425,881	120,431,439
	46,826,803	48,919,442
	67,599,078	71,511,997
	<u>\$193,178,648</u>	<u>\$184,522,594</u>
Liabilities		
CURRENT LIABILITIES		
Accounts payable, accrued and sundry liabilities	\$ 45,794,323	\$ 35,699,766
Current portion of long term debt	2,062,580	2,189,842
Federal income taxes—current—Note B	111,576	29,459
Deferred tax credits, principally applicable to installment sales—Notes A and B	10,360,254	11,867,241
TOTAL CURRENT LIABILITIES	58,328,733	49,786,308
LONG TERM DEBT—Note I		
Parent company and retail subsidiaries	31,542,785	28,913,763
Real estate subsidiaries	11,175,544	13,207,303
	42,718,329	42,121,066
RESERVES—Note J		
	7,173,837	6,818,193
DEFERRED TAX CREDITS—Notes A and B		
	2,032,981	2,168,950
DEFERRED CREDIT		
	386,791	413,252
OWNERSHIP—Notes I and K		
Preferred Stock—\$100 par value—Authorized 29,036 shares—none issued		
Common Stock—\$5 par value—Authorized		
6,000,000 shares; outstanding 3,263,469 shares for both years		
(after deducting 12,423 shares in treasury)	16,317,345	16,317,345
Other capital	21,886,792	21,901,792
Income reinvested in business	44,333,840	44,995,688
	82,537,977	83,214,825
Commitments, other comments and litigation—Notes E, L and M		
	<u>\$193,178,648</u>	<u>\$184,522,594</u>

* Restated—See Note G.

See notes to financial statements.

Statement of Changes in Financial Position

(Expressed in even thousands of dollars)

	City Stores Company and Retail Subsidiaries		City Stores Company and Consolidated Subsidiaries	
	53 Weeks Ended February 3, 1973	52 Weeks Ended January 29, 1972*	53 Weeks Ended February 3, 1973	52 Weeks Ended January 29, 1972*
Funds Provided:				
From continuing operations:				
Income	\$ 2,865,000	\$ 1,416,000	\$ 2,865,000	\$ 1,416,000
Charges not requiring current outlay of working capital:				
Depreciation and amortization	4,898,000	4,702,000	5,385,000	5,399,000
Additions to pension reserve and other non-current items	469,000	731,000	342,000	773,000
Total funds provided from continuing operations	8,232,000	6,849,000	8,592,000	7,588,000
Funds applied to discontinued operations, net of charges not requiring current outlay of working capital	(1,229,000)	(619,000)	(1,114,000)	(486,000)
Total funds provided from operations	7,003,000	6,230,000	7,478,000	7,102,000
From (applied to) extraordinary items	(1,962,000)	394,000	(1,962,000)	394,000
Disposals of property and equipment	322,000	156,000	349,000	456,000
Property and equipment contracted for sale	7,673,000	—	7,673,000	—
Decrease in long term notes receivable	—	3,035,000	—	3,035,000
Proceeds from long term debt	3,600,000	3,800,000	3,600,000	4,080,000
Long term debt transferred from real estate subsidiary ..	638,000	—	—	—
	<u>17,274,000</u>	<u>13,615,000</u>	<u>17,138,000</u>	<u>15,067,000</u>
Funds Applied:				
Additions to property and equipment	9,868,000	10,258,000	12,658,000	10,771,000
Property and equipment transferred from real estate subsidiary	6,262,000	—	—	—
Retirement of long term debt	1,609,000	1,264,000	3,003,000	2,342,000
Increase or (decrease) in investments and advances to unconsolidated subsidiaries	(1,820,000)	1,955,000	385,000	722,000
Other, net	113,000	79,000	94,000	178,000
	<u>16,032,000</u>	<u>13,556,000</u>	<u>16,140,000</u>	<u>14,013,000</u>
Increase in working capital	<u>1,242,000</u>	<u>59,000</u>	<u>998,000</u>	<u>1,054,000</u>
Increase or (decrease) in current deferred tax credits, principally applicable to installment sales—Notes A and B ..	(1,507,000)	300,000	(1,507,000)	300,000
Increase or (decrease) in working funds	<u>(\$ 265,000)</u>	<u>\$ 359,000</u>	<u>(\$ 509,000)</u>	<u>\$ 1,354,000</u>
Changes in Working Capital and Working Funds:				
Increase or (decrease) in current assets:				
Cash	\$ 885,000	(\$ 721,000)	\$ 887,000	(\$ 301,000)
Accounts receivable	(6,910,000)	734,000	(6,919,000)	740,000
Merchandise inventories	8,065,000	1,544,000	8,065,000	1,544,000
Supplies and prepaid expenses	29,000	(150,000)	14,000	(143,000)
Property and equipment contracted for sale	7,494,000	—	7,494,000	—
	<u>9,563,000</u>	<u>1,407,000</u>	<u>9,541,000</u>	<u>1,840,000</u>
Less—increase or (decrease) in current liabilities:				
Accounts payable, accrued and sundry liabilities	9,527,000	1,184,000	10,095,000	1,011,000
Current portion of long term debt	219,000	(146,000)	(127,000)	(535,000)
Federal income taxes—current	82,000	10,000	82,000	10,000
Deferred tax credits, principally applicable to installment sales	(1,507,000)	300,000	(1,507,000)	300,000
	<u>8,321,000</u>	<u>1,348,000</u>	<u>8,543,000</u>	<u>786,000</u>
Increase in working capital	<u>1,242,000</u>	<u>59,000</u>	<u>998,000</u>	<u>1,054,000</u>
Increase or (decrease) in current deferred tax credits, principally applicable to installment sales—Notes A and B ..	(1,507,000)	300,000	(1,507,000)	300,000
Increase or (decrease) in working funds	<u>(\$ 265,000)</u>	<u>\$ 359,000</u>	<u>(\$ 509,000)</u>	<u>\$ 1,354,000</u>

*Restated—See Note G.

See notes to financial statements.

Statement of Financial Condition—Note A

	February 3, 1973	January 29, 1972
Assets		
Cash	\$ 48,433	\$ 52,978
Customer receivables—assigned by City Stores Company and subsidiaries	56,215,045	46,688,953
Accrued interest receivable	14,646	15,268
	<u>\$56,278,124</u>	<u>\$46,757,199</u>
Liabilities		
Notes payable to banks	\$43,000,000	\$35,000,000
Accrued expenses	362,083	178,098
Due to City Stores Company	49,203	177,670
Amount (reserve) withheld pending collection of customer receivables	5,621,505	4,668,895
Ownership		
Common Stock—\$1,000 par value—Authorized 5,000 shares; outstanding 3,750 shares	3,750,000	3,750,000
Income reinvested in business	3,495,333	2,982,536
	<u>7,245,333</u>	<u>6,732,536</u>
Amount (reserve) withheld pending collection of customer receivables and ownership* \$12,866,838 and \$11,401,431 respectively.	<u>\$56,278,124</u>	<u>\$46,757,199</u>

*In accordance with an agreement between City Stores Company and the lending banks, the notes payable to banks may be four times the sum of: (a) Subordinated debt, (b) Amount (reserve) withheld pending collection of customer receivables and (c) Ownership.

Statement of Income—Note A

	53 Weeks Ended February 3, 1973	52 Weeks Ended January 29, 1972
Interest Income—from City Stores Company and subsidiaries	\$ 3,011,735	\$ 3,451,338
Interest expense	2,005,601	2,298,673
Other expenses	19,837	20,992
	<u>2,025,438</u>	<u>2,319,665</u>
Income before federal income taxes	986,297	1,131,673
Federal income taxes	473,500	545,000
Net income	<u>\$ 512,797</u>	<u>\$ 586,673</u>

Statement of Income Reinvested in Business—Note A

Balance at beginning of year	\$ 2,982,536	\$ 2,395,863
Net income	512,797	586,673
Balance at end of year	<u>\$ 3,495,333</u>	<u>\$ 2,982,536</u>

See notes to financial statements.

Statement of Changes in Financial Position—Note A**Funds Provided:**

	53 Weeks Ended February 3, 1973	52 Weeks Ended January 29, 1972
Net income	\$ 512,797	\$ 586,673
Increase in notes payable to banks	8,000,000	—
Increase in accrued expenses	183,985	—
Increase in amount due to City Stores Company	—	138,081
Increase in amount (reserve) withheld pending collection of customer receivables	952,610	—
Decrease in customer receivables—assigned by City Stores Company and subsidiaries	—	3,801,531
Decrease in accrued interest receivable	622	—
Decrease or (increase) in cash	4,545	(12,076)
	<u>\$ 9,654,559</u>	<u>\$ 4,514,209</u>

Funds Applied:

Increase in customer receivables—assigned by City Stores Company and subsidiaries	\$ 9,526,092	—
Increase in accrued interest receivable	—	\$ 3,070
Decrease in amount (reserve) withheld pending collection of customer receivables ...	—	380,153
Decrease in notes payable to banks	—	4,000,000
Decrease in accrued expenses	—	130,986
Decrease in amount due to City Stores Company	128,467	—
	<u>\$ 9,654,559</u>	<u>\$ 4,514,209</u>

Real Estate Subsidiaries

Combined Summary of Net Assets—Note A

	February 3, 1973	January 29, 1972
Land, buildings, leaseholds, equipment, at cost, less accumulated depreciation	\$14,010,382	\$20,130,571
Mortgages payable—current portions \$275,690 and \$925,577 respectively	9,790,011	14,132,880
	4,220,371	5,997,691
Other assets or (liabilities)—net (liabilities include this year a mortgage of \$1,964,850 on property and equipment held for sale—Note C)	(250,304)	177,508
Net assets consisting of intercompany accounts and ownership	<u>\$ 3,970,067</u>	<u>\$ 6,175,199</u>

See notes to financial statements.

A—SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are as follows:

PRINCIPLES OF CONSOLIDATION — The accompanying consolidated Statement of Financial Condition of City Stores Company and consolidated subsidiaries includes all active subsidiaries other than City Stores Credit Corporation. The consolidated Statement of Financial Condition of City Stores Company and Retail Subsidiaries includes all active subsidiaries other than real estate subsidiaries and City Stores Credit Corporation. The investments in subsidiaries not consolidated in such financial statements are carried at amounts equal to their net assets. The accounts of City Stores Credit Corporation and all active real estate subsidiaries are included in the consolidated statement of income. Financial statements of the credit company and a summary of the net assets of the real estate subsidiaries are also presented. Investments in unconsolidated companies which represent 50% or less ownership are carried at amounts equal to the Company's share of their net assets.

Material intercompany items have been eliminated in the preparation of these statements:

ACCOUNTS RECEIVABLE — Accounts receivable installments maturing in more than one year have been included in current assets in accordance with trade practice; it is not practicable to determine the amount of such installments.

MERCHANDISE INVENTORIES—Merchandise inventories are determined principally under the retail method and are stated partly at LIFO cost which is substantially lower than market (see Note F) and partly at the lower of FIFO cost or market.

PROPERTY AND EQUIPMENT — Expenditures for renewals and betterments representing improvements to property and equipment are capitalized. Expenditures for maintenance and repairs are charged to income as incurred.

At the time store fixtures and equipment become fully depreciated or amortized, or at the time properties are sold or otherwise disposed of, it is the policy generally to eliminate from the accounts the cost thereof and the related accumulated depreciation or amortization. Any gain or loss on disposal is usually credited or charged to income.

Depreciation and amortization for financial accounting purposes have been computed on a straight-line basis principally over the estimated useful lives of the assets or the terms of leases, if shorter.

FEDERAL INCOME TAXES—The Company and its subsidiaries file consolidated federal income tax returns; subsidiaries are charged or credited an amount equal to the tax that would have been applicable on a separate return basis.

The Company records income from installment sales for financial accounting purposes at the time sales are made and for tax purposes on the basis of cash collections and deducts depreciation for tax purposes in different time periods from those in which it is recorded for financial accounting purposes. Accumulated tax effects resulting from recognizing these and other timing differences, which are shown in the accompanying statements of financial condition as deferred tax credits, are not liabilities and in the normal course of business may never be paid because the Company believes that at its present rate of growth tax deferrals will continue to increase.

The investment tax credit is applied as a reduction of the provision for income taxes in the year the related assets are placed in service.

PENSION PLANS — Under the Company's pension plans, which are unfunded, annual amounts are provided, on the accrual basis, based on actuarial estimates of current service costs, amortization of prior service costs over thirty years and interest.

B—FEDERAL INCOME TAXES

This year's provision for federal income taxes on continuing operations has been reduced by an investment tax credit of approximately \$221,000 and the tax credit of discontinued operations has been increased by an investment tax credit of approximately \$109,000. The tax benefit on the extraordinary items has been reduced by provision for recapture of investment credits of approximately \$172,000. The net tax benefits credited to income have been substantially applied as a reduction to the account deferred tax credits, principally applicable to installment sales.

Last year's provision for federal income taxes on continuing operations and taxes on extraordinary items have been reduced by investment tax credits of approximately \$200,000 and \$75,000, respectively. The foregoing includes approximately \$170,000 resulting from carryback of investment tax credits to prior years.

The Internal Revenue Service has proposed additional federal income tax assessments for the years 1959 through 1968, relating principally to the deferral of gross profit on installment sales. The Company has protested these assessments. If a deficiency of taxes is finally determined, it will be substantially covered by amounts provided in the financial statements.

C—DISCONTINUED OPERATIONS

In January 1973 the Company's Board of Directors authorized the adoption of a program to close the Lansburgh's division. Accordingly, on March 30, 1973 the Company finalized plans to discontinue Lansburgh's operations and entered into agreements with Arlen Realty & Development Corp. and others, subject to certain contingencies, to as-

Notes to Financial Statements

sign leases and to sell property and equipment of certain stores of this division to Arlen, for \$4,068,000 in cash and \$3,376,000 in notes due in installments to 1978, bearing a fluctuating interest rate equal to 2% above the prime rate. The Company has made arrangements to discount the notes for their face value and will remain contingently liable in case of default by the purchasers. Arlen cannot complete this transaction until it is approved by the Federal Trade Commission.

Estimated net losses and costs to be incurred from February 3, 1973 in connection with the closing of this division amounting to \$2,005,344, net of Federal income tax credit of \$1,814,000, have been charged in the statement of income as an extraordinary item. The proceeds to be received from the sales of property and equipment are shown as a current asset (\$7,494,321) and the reserves provided are included in accounts payable, accrued and sundry liabilities (\$3,686,000) and reserves (\$158,000); the remaining property and equipment that the Company is planning to sell is carried in sundry investments and other items (\$2,591,000). Costs and losses and the proceeds to be realized from the discontinuance of this division cannot yet be finally determined. However, it is the opinion of management that the reserves provided are reasonable and the assets are properly stated based upon the information now available.

The operations of this division, including sales of \$28,578,030 (1973) and \$26,221,926 (1972) and depreciation and amortization of \$529,560 (1973) and \$476,103 (1972) are shown as discontinued operations in the statement of income.

D—EXTRAORDINARY ITEMS

Extraordinary items, credit or (charge), consist of the following:

	<u>This Year</u>	<u>Last Year</u>
Loss from discontinuance of operations of a division, after federal income tax credit of \$1,814,000 .	(\$2,005,344)	—
Gain on sale of investment in retail credit bureau, after federal income tax of \$48,798	—	\$303,044
Gain on sale of fixed assets after federal income tax of \$179,000 and \$16,000, respectively	193,566	90,932
	<u>(\$1,811,778)</u>	<u>\$393,976</u>

E—ACCOUNTS RECEIVABLE

The accounts receivable are summarized as follows:

	<u>This Year</u>	<u>Last Year</u>
Accounts Receivable:		
Customers — net of allowances of \$2,035,401 and \$2,308,558 respectively	\$79,138,761	\$76,309,158
Current portion of notes receivable	558,345	1,467,850
Federal income taxes	—	490,000
Other — net of allowances of \$143,157 and \$97,001 respectively	3,002,447	2,768,760
	<u>82,699,553</u>	<u>81,035,768</u>
Less:		
Customers accounts receivable assigned to City Stores Credit Corporation—net of equity of \$5,621,505 and \$4,668,895 respectively	50,593,540	42,020,058
City Stores Company and Retail Subsidiaries	32,106,013	39,015,710
Real Estate Subsidiaries — other receivables	10,845	20,343
City Stores Company and consolidated subsidiaries	<u>\$32,116,858</u>	<u>\$39,036,053</u>

Accounts receivable from customers include installment accounts of approximately \$76,100,000 and \$73,200,000 respectively.

The Company has an agreement with City Stores Credit Corporation under which customers accounts receivable are assigned to the credit company and the credit company remits amounts equal to 90% of the accounts assigned, withholding 10% of the uncollected balances representing the Company's equity. Under the agreement, the Company accepts reassignment of any accounts in default (as defined) as long as it continues to assign accounts.

F—MERCHANDISE INVENTORIES

Merchandise inventories are summarized as follows:

	<u>This Year</u>	<u>Last Year</u>
At LIFO cost	\$34,430,155	\$30,204,394
At lower of FIFO cost or market . .	25,502,757	21,515,864
	<u>59,932,912</u>	<u>51,720,258</u>
Less allowance for discounts applicable to LIFO inventories . .	804,859	657,111
	<u>\$59,128,053</u>	<u>\$51,063,147</u>

The inventories priced at LIFO cost would be approximately \$8,000,000 more this year and \$7,900,000 more last year if they had been priced at the lower of FIFO cost or market.

Amounts of opening and closing inventories (before discounts applicable to inventories priced at LIFO cost) used in the computation of cost of goods sold for continuing and discontinued operations were as follows:

Opening inventories	\$51,720,258	\$50,199,765
Closing inventories	\$59,932,912	\$51,720,258

G—OTHER INVESTMENTS

The Company's investments in certain unconsolidated companies owned 50% or less, previously carried at cost, were retroactively adjusted to the equity method of accounting pursuant to Opinion 18 of the Accounting Principles Board of the American Institute of Certified Public Accountants. This accounting change, which had no material effect on the accompanying financial statements, resulted in an increase in income reinvested in business as at January 29, 1972 and January 30, 1971 of \$292,492 and \$297,241, respectively.

H—PROPERTY AND EQUIPMENT

Property and equipment is summarized by major classifications, as follows:

City Stores Company and Retail Subsidiaries:	This Year	Last Year
Land	\$ 7,411,879	\$ 6,992,674
Buildings and building improvements	19,195,487	16,456,407
Leasehold costs and improvements	26,953,588	26,808,429
Store fixtures and equipment ..	37,471,380	37,718,876
Improvements in progress	4,364,029	2,413,071
Total	95,396,363	90,389,457
Less accumulated depreciation and amortization	41,807,667	39,008,031
	<u>\$ 53,588,696</u>	<u>\$ 51,381,426</u>

City Stores Company and consolidated subsidiaries:	This Year	Last Year
Land	\$ 13,509,427	\$ 15,768,839
Buildings and building improvements	30,468,247	34,874,475
Leasehold costs and improvements	27,364,463	27,251,623
Store fixtures and equipment ..	38,701,233	40,087,431
Improvements in progress	4,382,511	2,449,071
Total	114,425,881	120,431,439
Less accumulated depreciation and amortization	46,826,803	48,919,442
	<u>\$ 67,599,078</u>	<u>\$ 71,511,997</u>

I—LONG TERM DEBT

Long term debt is summarized as follows:

	This Year	Last Year
6½% notes to insurance company payable in installments to 1987	\$22,600,000	\$23,400,000
Mortgages, payable at interest rates ranging from 4¼% to 9%—due in varying annual amounts to 2003	8,181,785	4,576,263
Notes to insurance companies and others, principally at interest rates of 5% and 6%, payable in installments to 1978	761,000	937,500
City Stores Company and Retail Subsidiaries	31,542,785	28,913,763
Mortgages, payable (by real estate subsidiaries) principally at interest rates ranging from 4½% to 9½%—due in varying annual amounts to 1991	11,175,544	13,207,303
City Stores Company and consolidated subsidiaries	<u>\$42,718,329</u>	<u>\$42,121,066</u>

The approximate total maturities and/or installments payable of long term debt during the five fiscal years commencing February 4, 1973 are as follows:

Fiscal year ending in	City Stores Company and Retail Subsidiaries	City Stores Company and consolidated subsidiaries
1974	\$1,483,000	\$2,063,000
1975	1,507,000	3,319,000
1976	1,315,000	1,683,000
1977	5,761,000	6,117,000
1978	1,964,000	2,273,000

Property and equipment in the net amount of approximately \$25,000,000 is subject to mortgages. Underlying loan agreements with respect to notes payable provide, among other things, for (1) the maintenance of minimum consolidated working capital, (2) restrictions on the purchase, redemption or other acquisition of the Company's common stock, and (3) restrictions of the payment of cash dividends on the Company's common stock (approximately \$1,200,000 is available for the payment of dividends as at February 3, 1973).

J—RESERVES

Reserves, excluding current portions, have been provided for the following:

	This Year	Last Year
Pensions	\$4,065,634	\$3,355,482
Deferred compensation	1,758,362	1,774,872
Termination of store operations and real estate dispositions	1,349,841	1,687,839
	<u>\$7,173,837</u>	<u>\$6,818,193</u>

K—STOCK OPTIONS AND OTHER CAPITAL

Under the Company's 1969 Stock Option Plan, options may be granted to selected key executives to purchase a maximum of 100,000 shares of the Company's common stock at the market price at date of grant. Options are exercisable over a five-year period. Options to purchase 69,600 shares and 81,100 shares were available for grant as at February 3, 1973 and January 29, 1972, respectively.

Transactions under the above plan and the 1960 Stock Option Plan under which no additional options may be granted are summarized as follows:

	1969 Plan		1960 Plan	
	This Year	Last Year	This Year	Last Year
Shares under option—beginning of year ...	18,900	9,250	15,900	33,450
Options granted at \$6.00 to \$9.25 per share this year and at \$7.625 to \$10.375 per share last year	11,500	11,400	—	—
Options cancelled	—	(1,750)	—	(4,000)
Options expired	—	—	(1,600)	(13,550)
Shares under option—end of year at \$6.00 to \$22.25 per share	<u>30,400</u>	<u>18,900</u>	<u>14,300</u>	<u>15,900</u>

At February 3, 1973, options for 26,220 shares were exercisable and no options were exercised in either year.

Other capital has been charged \$15,000 this year and \$13,800 last year, representing the cost of registering certain shares of the Company's common stock.

L—COMMITMENTS AND OTHER COMMENTS

The Company's non-contributory pension plans (as amended) cover, generally, employees with fifteen years of service who are not participants in any other plan to which the Company contributes. The plans provide for retirement, generally at age 65, with no vesting of benefits. Although the Company does not presently contemplate funding these plans, it may do so in the future. The Company may amend, modify or terminate the plans in whole or in part at any time.

The amounts charged to income for pensions were approximately \$1,750,000 this year and \$1,700,000 last year.

Under the plans there is no vesting, but if there were vesting, the actuarially computed value of vested benefits for retired employees and those who are eligible for retirement, as this term is defined in Opinion 8 of the Accounting Principles Board of the American Institute of Certified Public Accountants, would amount to approximately \$11,100,000 as at February 3, 1973.

The minimum annual rentals on real property leased by the Company and its consolidated subsidiaries under leases expiring on various dates to 2043 approximated \$11,680,000. The leases are primarily for retail stores and for the most part are renewable. Certain leases provide for payment of percentage rental, real estate taxes and insurance.

Annual rentals on equipment leased by the Company and its consolidated subsidiaries under leases expiring on various dates to 1986 approximated \$500,000.

The minimum annual rental under the aforementioned real and personal property leases for the next five years are: \$12,220,000 (1974); \$12,190,000 (1975); \$12,130,000 (1976); \$11,960,000 (1977) and \$11,860,000 (1978).

The above minimum annual rentals include \$260,000 under a lease with its parent, Bankers Securities Corporation, and exclude approximately \$1,880,000 (eliminated in consolidation) under leases with real estate subsidiaries which leases generally secure mortgages on property owned by such subsidiaries.

Costs and expenses of continuing operations include the following:

	This Year	Last Year
Cost of goods sold, buying and occupancy expenses	\$262,580,850	\$249,937,783
Selling, general and administrative expenses (less carrying charges) and provision for doubtful accounts—customers	\$ 89,832,348	\$ 85,018,335

Selling, general and administrative expenses are net of carrying charges on customer receivables. The cost of administering the retail credit program, including bad debts incurred and interest (computed at the average effective rate applied to the average total customer account receivables less deferred income taxes resulting from installment sales) exceeded the carrying charges on customer receivables as follows:

	This Year	Last Year
Cost of credit program	\$10,442,000	\$10,508,000
Carrying charge income	8,833,000	8,700,000
	<u>\$ 1,609,000</u>	<u>\$ 1,808,000</u>

The above data do not reflect other indirect costs related to the credit program or any allocation for corporate overhead expense.

M—LITIGATION

The Federal District Court, on October 6, 1971, in a suit brought by the U.S. Department of Labor involving the Company's Loveman's branch store in Montgomery, Alabama, found that women sales personnel selling women's and children's and related items of merchandise are entitled to the same rate of compensation as men selling men's clothing in said store. The ruling covers the period from October 1967 to the present and enjoined the Company from engaging in such practices in said store in the future and ordered the payment of back wages under a certain formula for the women involved. The Company is appealing the

findings of the Court. The Company is unable at this time to compute with any reasonable accuracy the amount of such back wages to be paid in the event it is unsuccessful in its appeal, but in the opinion of management, such amount will have no material adverse effect on the Company's financial condition or business. The Company also is unable at this time to estimate the effect of this ruling on its future operations.

In the opinion of the Company, other claims and litigation asserted against the Company, would have no material adverse effect on the accompanying financial statements.

Accountants' Report

S. D. LEIDESDORF & CO.
Certified Public Accountants
New York, N. Y.

To the Board of Directors
City Stores Company
New York, N. Y.

We have examined the financial statements of City Stores Company ("Company") and subsidiaries (see Note A) as follows:

1. Statements of Financial Condition as at February 3, 1973 and January 29, 1972: Company and consolidated subsidiaries; Company and Retail Subsidiaries; and City Stores Credit Corporation,
2. Statements of Income and of Income Reinvested in Business for the 53 weeks ended February 3, 1973 and the 52 weeks ended January 29, 1972 (fiscal years): Company and consolidated subsidiaries; and City Stores Credit Corporation,
3. Statements of Changes in Financial Position for the fiscal years ended February 3, 1973 and January 29, 1972: Company and consolidated subsidiaries; Company and Retail Subsidiaries; and City Stores Credit Corporation, and
4. Combined Summaries of Net Assets of real estate subsidiaries as at February 3, 1973 and January 29, 1972.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to the effect on the financial statements as at February 3, 1973 and for the fiscal year then ended of any adjustment which may result from the ultimate resolution of the matters concerning the discontinuance of the Lansburgh's division referred to in Note C, the financial statements referred to above present fairly (1) the financial position of the Company and consolidated subsidiaries, of the Company and Retail Subsidiaries and of City Stores Credit Corporation at February 3, 1973 and January 29, 1972 and changes in their financial position for the fiscal years then ended, and the results of operations of the Company and consolidated subsidiaries and of City Stores Credit Corporation for the fiscal years then ended and (2) the combined summary of net assets of real estate subsidiaries at February 3, 1973 and January 29, 1972 in conformity with generally accepted accounting principles applied on a consistent basis.

S. D. Leidesdorf & Co.

New York, N. Y.
April 20, 1973

Historical Comparison

	February 3, 1973*	January 29, 1972**	January 30, 1971**	January 31, 1970**	February 1, 1969**
Continuing Operations					
Sales	\$367,408,000	\$346,911,000	\$335,507,000	\$326,417,000	\$314,766,000
Index of sales	117	110	107	104	100
Income before federal income taxes	5,105,000	2,216,000	1,705,000	8,646,000	8,143,000
Federal income taxes	2,240,000	800,000	499,000	4,158,000	4,165,000
Income of continuing operations	2,865,000	1,416,000	1,206,000	4,488,000	3,978,000
(Loss) of discontinued operations, net of tax credit	(1,715,000)	(1,048,000)	(1,764,000)	(891,000)	(255,000)
Income or (loss) before extraordinary items ..	1,150,000	368,000	(558,000)	3,597,000	3,723,000
Extraordinary items, credit or (charge), net of taxes	(1,812,000)	394,000	(344,000)	(852,000)	—
Net income or (loss)	(662,000)	762,000	(902,000)	2,745,000	3,723,000
Per share of common stock:					
Income of continuing operations	.88	.43	.37	1.37	1.32
(Loss) of discontinued operations	(.53)	(.32)	(.54)	(.27)	(.08)
Income or (loss) before extraordinary items ..	.35	.11	(.17)	1.10	1.24
Extraordinary items, credit or (charge)	(.55)	.12	(.11)	(.26)	—
Net income or (loss)	(.20)	.23	(.28)	.84	1.24
Dividends					
Common stock	—	—	326,351	1,232,784	300,451
Per share	—	—	.10	.40	.10
Financial					
Working funds***					
City Stores Company and Retail Subsidiaries	65,769,000	66,034,000	65,674,000	69,820,000	77,934,000
Working funds ratio	2.4	2.8	2.8	3.0	3.1
City Stores Company and Consolidated Subsidiaries	64,947,000	65,456,000	64,102,000	69,130,000	77,384,000
Working funds ratio	2.4	2.7	2.7	2.9	3.0
Accounts receivable—customers	79,139,000	76,309,000	77,994,000	79,793,000	79,790,000
Proceeds from financing of receivables ...	(50,594,000)	(42,020,000)	(45,441,000)	(39,657,000)	(27,539,000)
Inventories	59,128,000	51,063,000	49,519,000	47,408,000	47,154,000
Property and equipment—net					
City Stores Company and Retail Subsidiaries	53,589,000	51,381,000	46,625,000	42,030,000	37,729,000
City Stores Company and Consolidated Subsidiaries	67,599,000	71,512,000	67,186,000	60,105,000	58,990,000
Long term debt					
City Stores Company and Retail Subsidiaries	31,543,000	28,914,000	26,378,000	27,630,000	28,261,000
City Stores Company and Consolidated Subsidiaries	42,718,000	42,121,000	40,383,000	39,626,000	44,003,000
Ownership					
Common stock equity	82,538,000	83,215,000	82,466,145	83,694,000	79,428,000
Common stock equity per share	25.29	25.50	25.27	25.65	26.44
Number of common shares outstanding					
Average during year	3,263,469	3,263,469	3,263,469	3,141,953	2,976,933
At end of year	3,263,469	3,263,469	3,263,469	3,263,469	3,004,413

*53 Weeks.

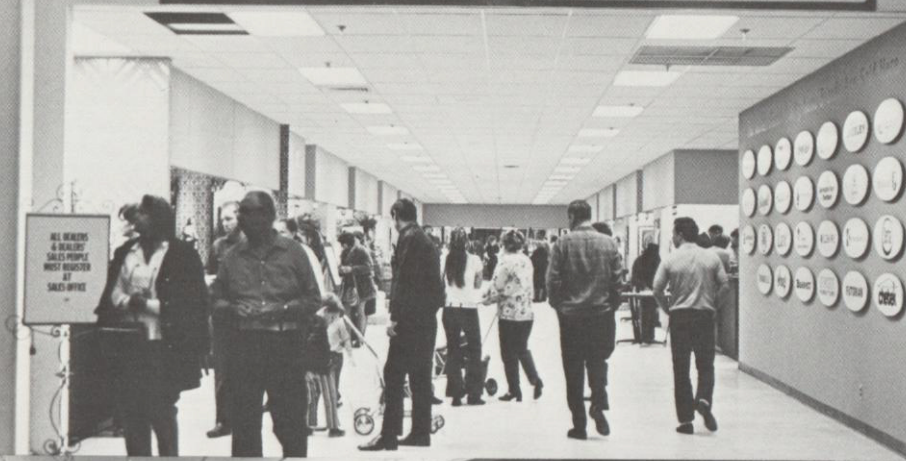
**Restated—see Note G.

***Working funds consist of current assets less current liabilities, exclusive of deferred tax credits principally applicable to installment sales.

COMPASS FURNITURE HEREBY AGREES THAT
IF WITHIN 30 DAYS OF PURCHASE DATE YOU
CAN BUY THE IDENTICAL ITEM FOR LESS MONEY
ELSEWHERE WE WILL REFUND TO YOU THE
DIFFERENCE IN PRICE PLUS AN ADDITIONAL 25%.

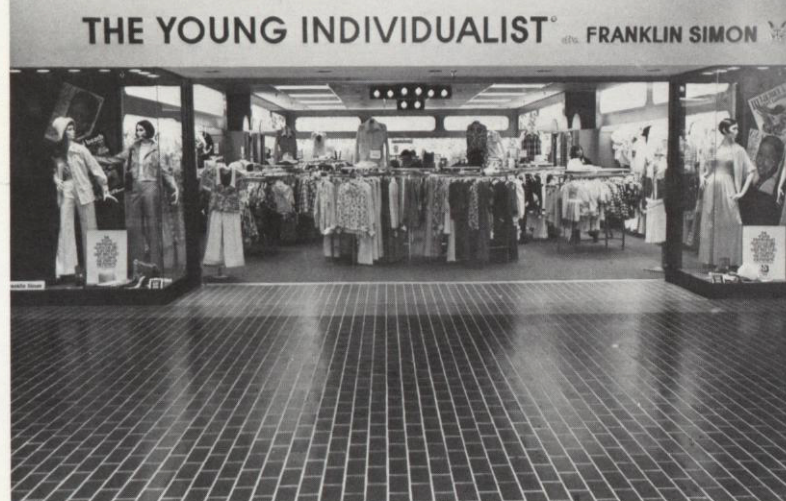
 **COMPASS Furniture**

DIVISION OF CITY STORES COMPANY



On the prior page, the photos show the entrance to the new Compass Furniture Store and Warehouse and two of its more than 275 individual room settings. Also shown is a portion of the large warehouse containing back-up stock to be made immediately available for customer use.

Below are shown three of the newest stores opened by the Company — B. Lowenstein's 60,000 square foot fashion store in Raleigh Mall, Memphis — the Franklin Simon "Young Individualist" shop in Exton Square, Pennsylvania and the W. & J. Sloane Furniture Clearance Center, 84th Street, New York City.



Department Stores

Lit Brothers

Morris Goldstein, President

PENNSYLVANIA:

Philadelphia†
69th Street
Northeast Philadelphia
Oregon Avenue
Lawrence Park
Morrisville
Willow Grove
Plymouth Meeting
Reading

NEW JERSEY:

Atlantic City
Echelon

Maison Blanche

Isidore Newman, II
Chairman of the Board
Robert I. Sonfield, President*

LOUISIANA:

New Orleans†
Carrollton
Gentilly
Airline Highway
West Side
Gentilly Woods
Clearview

Richards

Paul S. Walker, President

FLORIDA:

Miami†
163rd Street
Cutler Ridge
Palm Springs
Fort Lauderdale
West Palm Beach
Midway Center
Hollywood

Loveman's

Clifford D. Hoehne, President

ALABAMA:

Birmingham†
Montgomery
Huntsville
Western Hills Mall
West Lake Mall

Lowenstein's

Clifford D. Hoehne,
Chairman of the Board
Louis P. Gorglione, President*

TENNESSEE:

Memphis†
East
South
Raleigh

Hearn's

Gwilynn R. Thomas, President

NEW YORK:

Bronx

R. H. White

Lawrence Moore, President

MASSACHUSETTS:

Worcester
Leominster

Specialty Stores

Franklin Simon

Mortimer L. Janis, President

CONNECTICUT:

Milford
Westport
Stamford

DISTRICT OF COLUMBIA:

Washington

GEORGIA:

Lenox Square
Greenbriar
South De Kalb
Atlanta—Peachtree Center
Northlake Mall
Perimeter Mall

MARYLAND:

Harundale
Mondawmin

Towson

Wheaton
Prince Georges
Montgomery Mall
Security Square

MASSACHUSETTS:

Boston
Natick
Braintree
Burlington

MICHIGAN:

Detroit
Northland
Eastland
Westland
Oakland Mall
Southland

MISSOURI:

St. Louis—Crestwood
and Northwest Plaza

NEW JERSEY:

East Orange
Eatontown
Hackensack
Haddonfield
Menlo Park
Paramus
Wayne
Cherry Hill
Livingston
Echelon

NEW YORK:

New York City†
Yonkers
Hicksville
Manhasset
Roosevelt Field
Valley Stream
New Rochelle
Thruway Plaza
Nanuet

NORTH CAROLINA:

Charlotte
South Park

OHIO:

Cleveland
Swifton
Richmond Mall
Parma town
Tri-County

PENNSYLVANIA:

Philadelphia
Germantown
Willow Grove
Plymouth Meeting
Exton Square

TENNESSEE:

Memphis
Southland Mall
Raleigh

VIRGINIA:

Seven Corners

Home Furnishings Stores

W. & J. Sloane

Leonard J. Novogrod, President

CALIFORNIA:

San Francisco†
Los Altos
Walnut Creek
San Jose
San Mateo†
Northgate
Bayshore†

CONNECTICUT:

Milford†
Stamford
Stamford†
Westport†
Hartford
Hamden†

DISTRICT OF COLUMBIA:

Washington†
Washington†

GEORGIA:

Atlanta—Phipps Plaza
—Sandy Springs†
—Briarcliff Village†

MARYLAND:

Bethesda

NEW JERSEY:

Ridgewood†
Union†
Paramus
Flagship†
Red Bank
Short Hills

NEW YORK:

New York City†
Forest Hills†
Garden City
Hempstead†
Manhasset

Riverdale†

White Plains
White Plains†
Hauppauge†
New York City†

PENNSYLVANIA:

Jenkintown

TEXAS:

Houston—Galleria
—Town & Country†

VIRGINIA:

Seven Corners
Shirlington†
Alexandria

Compass Warehouse & Furniture Store

Louis A. Rippner, President
New Orleans, Louisiana

City Stores Company

Operating a total of 144 stores—

38 department stores
64 specialty stores
42 home furnishings stores—
in 18 states and the District of
Columbia.

*Chief executive officer

†Main downtown store

‡Clearance Centers

Directors

Gustave G. Amsterdam*
Murry C. Becker*
John R. Bunting, Jr.*
Bruce H. Greenfield
George H. Johnson, Jr.
Joseph A. W. Iglehart
Louis G. Melchior*
Isidore Newman, II*
Leonard J. Novogrod
William F. Thompson
Paul S. Walker
William C. Warren

*Member of Executive Committee

Officers

Gustave G. Amsterdam
Chairman of the Board
Isidore Newman, II
President
Louis G. Melchior
*Executive Vice President
and Treasurer*
Morris Goldstein
Vice President
Clifford D. Hoehne
Vice President
Mortimer L. Janis
Vice President
George T. Joint
Vice President
A. Alfred Landisi
Senior Vice President
Leonard J. Novogrod
Vice President
Robert I. Sonfield
Vice President
Paul S. Walker
Vice President
Irving J. Zipin
Secretary and General Counsel
J. Karl Fishbach
*Corporate Controller
and Assistant Treasurer*

City Stores Company**Corporation Office:**

500 Fifth Avenue
New York, N. Y. 10036

New York Buying Office:

Mutual Buying Syndicate, Inc.
11 West 42nd Street
New York, N. Y. 10036

Annual Meeting

Wednesday, May 23, 1973
11:30 A.M. (E.D.S.T.)
Biltmore Hotel, Madison Avenue
at 43rd Street
New York, New York
Biltmore Suite

Corporate Data**Transfer Agent**

The Chase Manhattan Bank
One Chase Manhattan Plaza
New York, N. Y. 10015

Co-Transfer Agent

The First Pennsylvania Banking
& Trust Company
15th & Chestnut Streets
Philadelphia, Pa. 19101

Registrar

Chemical Bank
20 Pine Street
New York, N. Y. 10015

Counsel

Goodis, Greenfield, Henry,
Shaiman & Levin
1315 Walnut Street
Philadelphia, Pa. 19107

Auditors

S. D. Leidesdorf & Co.
100 East 42nd Street
New York, N. Y. 10017

R.H. WHITE'S

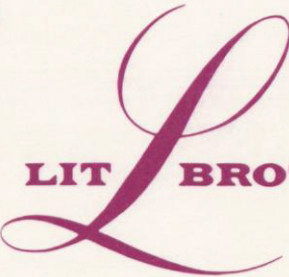
Richards

FRANKLIN  SIMON



COMPASS



LIT  BROTHERS

 Lowenstein's

maison blanche

Hearn's

 LOVEMAN'S